# Noriega: our man in Panama

## *U.S. Administration turned blind eye to Noriega's drug deals*

**By PETER DALE SCOTT and JONATHAN MARSHALL**

Cocaine Politics: Drugs, Armies and the C.I.A. in Central America *is the title of a new study published by the University of California Press. Prof. Peter Dale Scott of the University of California, Berkeley, and Jonathan Marshall, economics editor of the* San Francisco Chronicle, *use official documents as well as interviews with Government officials, journalists, mercenaries and drug traffickers to show that the current response to the drug crisis in this country overlooks Washington's own contribution to the problem. During the war against the Nicaraguan Sandinistas, significant elements within the* contras *trafficked extensively in cocaine, supplying much of the North American market while the C.I.A., National Security Council and Justice Department ignored the evidence. In the following excerpt Scott and Marshall trace the history of the United States' relationship with former Panamanian dictator Manuel Noriega. For information on how to purchase this book from the Christic Institute, please turn to page 15.*

*General Manuel Noriega.*

Regional influences, both political and criminal, fueled the explosive growth of drug trafficking through Honduras in the early 1980s. In 1980 and 1981, for example, the head of military intelligence in Panama, Col. Manuel Noriega, teamed up with his counterpart at the head of the Honduran G-2, Colonel Torres, to smuggle first arms (on behalf of Marxist rebels in El Salvador) and then drugs.

Noriega's malign influence spread to Costa Rica as well. A Costa Rican legislative commission concluded in 1989 that Noriega helped install in that country at least seven pilots who ran guns to the *contras* and drugs to North America. "More serious still," it added, "is the obvious infiltration of international gangs into Costa Rica that made use of the [*contra*] organization. These requests for *contra* help were initiated by Colonel [Oliver] North to General Noriega. They opened a gate so their henchmen utilized the national territory for trafficking in arms and drugs."

As that finding suggests, Noriega's reach extended far beyond Central America to Washington. Indeed, his relationship with U.S. intelligence helps account both for his own longstanding immunity from American law enforcement and for his ability to promote corrupt elements of the *contra* support movement.

Noriega was first recruited as an agent by the U.S. Defense Intelligence Agency in 1959, while still a young military cadet studying in Peru. He went on the C.I.A.'s payroll in 1967. The next year, a military coup assisted by the U.S. Army's 470th Military Intelligence Group gave Noriega his opportunity to take charge of Panama's own G-2. His new job made him a priceless source for the American services, which used Panama as a listening post for much of Latin America.

Before long, however, Washington discovered its protegé's criminal bent. As early as May 1971 the Bureau of Narcotics and Dangerous Drugs (B.N.D.D.) heard serious allegations of Noriega's involvement in trafficking. A former chief of staff to Gen. Omar Torrijos, Panama's military ruler, settled in Miami after botching a coup attempt. He revealed to U.S. authorities that Noriega had "overall operational control" of the officially sanctioned narcotics trade in Panama. The B.N.D.D. actually amassed enough evidence to indict him in a major marijuana smuggling case, only to run up against practical objections from the U.S. Attorney's office in Miami: No one in those days could imagine invading Panama to bring a senior officer to justice.

Intent on negotiating a new Panama Canal treaty, however, the State Department put other foreign policy objectives ahead of law enforcement and persuaded B.N.D.D. to back off. A long honeymoon began—and Panama's economy boomed under the stimulus of drug dollars attracted to its modern and secretive banking sector.

By 1976, Noriega was fully forgiven. C.I.A. Director George Bush arranged to pay Noriega $110,000 a year for his services, put the Panamanian up as a house guest of his deputy C.I.A. director, and helped to prevent an embarrassing prosecution of several American soldiers who had delivered highly classified U.S. intelligence secrets to Noriega's men.

Noriega earned his pay. He supplied pilots who helped

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smuggle weapons to the *contra* leader Edén Pastora. In July 1984, he contributed $100,000 to *contra* leaders based in Costa Rica. In March 1985, Noriega helped Oliver North plan and carry out a major sabotage raid in Managua, using the services of a British mercenary. In 1985, responding to pleas from Casey, he promised to help train *contra* units and let them use Panama as a transit point. In September 1986, North met Noriega in London; the two discussed further sabotage against Nicaraguan economic targets, including an oil refinery, an airport, and the electric and telephone systems. North's diary indicated that Noriega offered the aid of skilled (probably Israeli) commandos, including one who "killed head of PLO in Brt [Beirut]." The two men also considered setting up a school for commandos that could "train experts" in such matters as "booby traps," "night ops" and "raids."

Noriega also allowed members of North's enterprise to set up Panamanian corporate fronts to disguise the financing of *contra* supplies. As noted in Chapter 1, one such front, Amalgamated Commercial Enterprises, used the services of the drug-linked Banco de Iberoamerica. A related dummy company, which did business with the same bank, purchased arms for the *contras* through Manzer al-Kassar, the Syrian arms and drug broker, who also dealt with leaders of the Medellín cartel. Noriega's personal lawyer and business representative in Geneva also set up a front to establish an airfield in Costa Rica for supplying the *contras.*

## Helped obstruct investigation

Evidence gathered by Costa Rican authorities suggests that Noriega's intelligence operatives also helped the C.I.A. and its allies in the Costa Rican security services obstruct the investigation of an assassination attempt against Pastora by peddling disinformation about the main suspect's background. The bombing of Pastora's press conference at La Penca on May 30, 1984, which killed several journalists and an aide to Pastora but missed the rebel leader himself, was most likely planned by hardliners in the *contra* movement close to the C.I.A., according to an official Costa Rican probe. The Noriega connection to the La Penca coverup is significant since, according to Floyd Carlton, his former friend and drug partner, "there are some officers who are connected to the intelligence services of Costa Rica which to a certain extent are the creation of General Noriega. They have been trained in Panama . . . and these people keep a certain . . . loyalty to General Noriega."

None of these allegations apparently made any impression on Vice President George Bush, coordinator of the Reagan administration's War on Drugs. Bush claimed during the 1988 presidential campaign to have known little or nothing of Noriega's narcotics dealings. Perhaps he was kept in the dark by his top drug aide, Adm. Daniel Murphy, who declared in September 1988, "I never saw any intelligence suggesting General Noriega's involvement in the drug trade. In fact, we always held up Panama as the model in terms of cooperation with the United States in the war on drugs."

## Never turned over files

The political intrigues that first attracted the Administration to Noriega and ultimately repelled it will take years to uncover fully. The C.I.A. never turned over its files on Noriega to Federal prosecutors. The National Security Council ordered agencies to refuse congressional requests for information that would illuminate the policy debates. However, it seems clear that official approval of Noriega's indictment and subsequent military capture had as much to do with politics as with law enforcement. After June 1986 media revelations about Noriega, an interagency meeting of senior Administration policy makers decided to "put Noriega on the shelf" until Nicaragua was settled. After Noriega's indictment in early 1988, one State Department official commented: "We don't know anything today about Tony Noriega that we didn't know a year ago. What's changed is politics and Panama, not Tony Noriega." And as the *New York Times* observed (almost four years to the day after it branded him Central America's leading criminal), Noriega's alleged drug dealing was "relatively small scale by Latin American standards. . . American officials strongly suspect high-ranking military officers in Honduras, Guatemala and El Salvador of similar, and in some cases even greater involvement in drug dealing—yet have not taken harsh action against them."

Perhaps the most striking evidence of a political double standard was the silence of the Bush Administration on the composition of the post invasion regime. The U.S.-installed president of Panama, Guillermo Endara, had been a director and secretary of Banco Interoceanico, targeted by the F.B.I. and D.E.A. and named by Floyd Carlton as a major front for laundering Colombian drug money. The bank reportedly served both the Cali and Medellín cartels. Endara's business partner Carlos Eleta, who reportedly laundered C.I.A. funds into Endara's presidential campaign in the spring of 1989, was arrested in April of that year in Georgia for allegedly conspiring to import more than half a ton of cocaine into the United States each month. Prosecutors dropped the indictment following the invasion, citing lack of evidence.

Washington issued no public protest when Endara appointed to the key posts of attorney general, treasury minister and chief justice of the supreme court three former directors of First Interamericas Bank, an institution controlled by the Cali cartel and used to wash its drug money. Panamanian authorities took over the bank in 1985 and liquidated its assets—an action hailed by U.S. authorities as the government's first major action against a money-laundering operation. Noriega's move against the bank may have been less then altruistic, however; a lawyer for the Cali interest complained that Noriega made a practice of turning in rivals of the Medellín cartel. □